

The University of Chicago

AMERICAN-RUSSIAN RIVALRY IN
THE FAR EAST FROM
1895 TO 1914

A PART OF A DISSERTATION SUBMITTED TO
THE FACULTY OF THE DIVISION OF THE
SOCIAL SCIENCES IN CANDIDACY FOR THE
DEGREE OF DOCTOR OF PHILOSOPHY

INTERNATIONAL RELATIONS
1942

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EDWARD H. ZABRISKIE

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NOTE

Certain references in the following pages are to parts of the dissertation which are not included in this "essential portion." The complete dissertation is to be found in the University of Chicago Libraries.



CHAPTER VIII

CONCLUSIONS

The first century of American-Russian relations was marked by such mutual cordiality as to give rise to a tradition of friendship between the two countries. Although the birth of the American Republic aroused no enthusiasm in the Russian court, subsequent factors, tangible and intangible, contributed to the development of the Russian-American legend. If the Russian proclamation of Armed Neutrality of 1780 was not, as supposed, pure coin fresh from the mint of Empress Catherine herself, and if the result of Francis Dana's mission to Russia was a disillusioning blow to American hopes; yet Tsar Alexander's offer of mediation in the British-American War of 1812, his favorable arbitration of the British-American dispute in 1822, and even his evidently sincere although misguided efforts to win American adherence to the Holy Alliance, did not bespeak hostility on the part of Russia.

On the contrary, a policy of cordial Russian welcome to the new power in the family of nations was dictated by the maritime prowess of the young republic, by her potential strength in the world balance of power, with its implications of economic utility as a carrier of trade, and particularly by her political counterweight of British might. These considerations, coupled with the fundamental factor of distance which would inhibit the effective exercise of American military pressure on the continent, were bound, once the Monroe Doctrine was proclaimed, to weigh in favor of the amicable adjustment of disputes relating to American territory. Hence, the convention of 1824, establishing the 54°40' line; hence, also, the abatement of the Russian-American controversy of 1834 in regard to trading and fishing rights north of the demarcation line; and, in final analysis, also the sale and purchase of Alaska. Add to this Russia's marked support of the Union in the Civil War, which despite the widespread fiction of the unselfish Russian fleet, was dictated by Russia's own internal situation, and which helped to dispel the shadow of Franco-British

intervention that hung over the American internecine warfare. Add also America's reciprocation when she took a stand in regard to the suppression of the Poles, as well as Fox's visit of felicitation to the Tsar on the occasion of his escape from assassination. Against these positive reactions, the few disagreeable incidents which arose between the two countries weighed only slightly in the balance of the apparent friendship which had been established between the United States and Russia on the basis of their fundamentally non-antagonistic interests in the power position occupied by both up to the closing of the last century.

During the last decade of the nineteenth century a gradual alteration in the balance of interests of each country occurred, and the main field of their diplomatic interplay shifted to the Far East. Expansion into Siberia, agrarian imperialism, and the search for a year-round ice-free port carried Russia not only to the shores of the Pacific, but drove her ever deeper into the eastern domain of the Celestial Empire. Supported by such men as Lobanov, Muraviev, the Tsar himself, and particularly Count Witte, Russia was rapidly expanding in China. Thus, while posing as friend and protector, she employed bribes, financial loans, varied with occasional none-too-subtle threats, and finally such powerful weapons as the Russo-Chinese Bank and the Chinese-Eastern Railway, in the pursuit of her aims. Russia, who four decades earlier had acquired the territory north of the Amur and east of the Ussuri rivers, was also instrumental at the close of the Sino-Japanese War in 1895 in preventing Japan's acquisition of the Liaotung Peninsula, with its accompanying privileges. Then, turning around, she obtained for herself a lease of Port Arthur and Talienwan in the same peninsula, together with certain railway rights therein. Although unable, in the scramble for concessions that followed the war, to prevent other powers from acquiring rights in China, and, after having for a time blocked Japan in Korea, finding it necessary to recognize the preëminence of Japanese rights in that land by the Nishi-Rosen agreement of 1898, Russia still exercised a predominant influence at the court of the Middle Kingdom too imperialistically attractive to be easily relinquished.

What of the United States meanwhile? The same forces of expansion, to judge from the oratorical flights of such prophets of "Manifest Destiny" as Seward, were abroad in the American Republic as those which carried pioneers across a vast continent to

the waters of the "quiet ocean." These forces, working beneath the surface, caused the United States to turn longing eyes toward the Eastern horizon, beyond which lay new lands and boundless opportunities. Thus, it was not merely accidental that the conquest of the American West was followed by intensified contacts with the Far East; and that these in turn brought in their train such concrete manifestations of American interest as early participation in the acquisition of treaty rights in China, the opening of Japan to the trade of the West, and the initiation of the treaty pattern in the Kingdom of Korea. In these expanding relationships it was inevitable that the United States should find herself occasionally pitted against the conflicting interests of other powers, in particular those of the Russian bear who sought to roam at large over Chinese soil. This Russian attempt at infringement on China's territorial integrity was foreseen at an early stage by discerning American diplomats, and its insidious nature was clearly recognized by most of them in the later nineties.¹

The controlling element in the new situation, however, was that, from the viewpoint of power, Russia was close to the scene of action where the various interests converged, while America was too far removed for effective deployment of military might, that traditional supporting weapon of diplomacy, should the need for armed force arise. And by the same token, America's new interest in trade and investment rather than in purely territorial acquisition as such, stood to gain nothing from the partition of China, Japan and Korea. Hence her gropings toward a policy of championing the political-territorial wholeness of these Far Eastern countries as a necessary prerequisite for continued equal participation in business opportunities therein.² Hence the methods of tact, proptiation and conciliation in treating with the governments of these lands, and the system of qualified co-operation, that is, participating in measures of joint concern, non-coercive in nature as a rule, with the other powers in the Far East. Also, if the expectations of some American capitalists concerning the possi-

¹Cf. Humphrey Marshall's observations of July 1855 (Supra, p. 28), and Clifton Breckinridge's despatches of February 18, 1895 (Supra, p. 34), and of November 11, 1896 (Supra, p. 47).

²Cf. Denby's queries to Sherman in his despatch of January 31, 1893 (Supra, p. 52).

bility of joint profitable ventures with Tsarist imperialism in Manchuria were to prove wholly illusory, there still remained at least the promise in March 1898, by Russia's Foreign Minister, Muraviev, that her territorial lease of Talienwan was not intended to interfere with the trade of other nations, including that of the United States.

Mutual apprehensions with regard to each other's course, however, continued to lurk beneath the surface, and the closing years of the century brought little to allay them. On the contrary, fearful of a possible shift in the power potentials of the situation, Russia did not look with equanimity upon America's acquisition of the Philippine Islands, paralleled as it was with external evidence of a rapprochement with the other great naval power, England. And if Hay's proclamation of the "Open Door" doctrine on September 6, 1899, followed in less than a year by his second circular note to the powers calling for the preservation of "Chinese territorial and administrative entity" and the safeguarding of "the principle of equal and impartial trade with all parts of the Chinese Empire," served to crystallize basic American policy, these protective measures had a hostile and menacing ring in the ears of Russian statesmen. In point of fact, the pseudo-settlement of a vital problem involved in Russia's reply and in Hay's deliberate game of pretense by assuring the public of the acceptance by all the powers of the "Open Door" notes, contained in themselves the seeds of inevitable conflict. Externally, the exigencies of the Boxer Rebellion, and a similarity of outlook in regard to the initial measures to be taken for its liquidation, brought about co-operation between the United States and Russia--a harmonious interlude which held over for a time even after the common threat had been eliminated. From a wider viewpoint, however, the traditional friendship had been left far in the background; and now the United States and Russia were standing upon the threshold of an unknown century, looking into an unknown future, which was to prove a new era of rivalry.

The basis for the altered relationship was Russia's persistent designs upon Manchuria and North China, a perennial threat to America's developing trade in this area. Meanwhile, a factional struggle was waged within Russian ruling circles over ways and means, Witte, the Minister of Finance, urging "peaceful penetration" in contrast to the grab-and-keep technique of the military

and their partisans at court. The ultimate aim of both factions was, however, the same: Russian control of the coveted territory. And since past experience had taught Russia that by confronting China alone she accomplished the best results, with the formidable weapon of military occupation of Manchuria at her disposal she hastened to separate herself from the other powers assembled in conference and made ready to push China further on the seemingly endless road of concession-granting. And here, Russia's obsessive view of her legitimate destiny in the East, meeting the impact of not unexpected pressure from the other powers, served to produce a unique pattern in diplomacy, woven of tyrannical underhand demands upon China, public denial or renunciation of these demands under protest from other states, and renewed machinations to augment and perpetuate her privileged position in China. Of this nature was the Alexeiev-Tseng Agreement of November 9, 1900, which provided, among other things, for maintenance of Russian troops at various points in Manchuria. This was first explained away in the typical Russian manner; then, in view of all-around opposition, withdrawn in April, 1901. Three months later a decision was taken for the evacuation of Russian troops, only to be immediately followed by secret inquiries of Russian representatives on the spot as to the probable consequences of open announcement by Russia of her intention to annex Manchuria. Again, the one-sided secret agreement for evacuation of Russian troops, which Russia sought to attach later as a rider to a proposed treaty with China, and which would have converted Manchuria into an exclusive Russian preserve, was stopped abruptly by America's protests, which strengthened China's hands, and by the publication shortly after of the Anglo-Japanese Alliance of January 30, 1902. A similar fate befell the "Convention of Seven Points," sprung by Russia on April 8, 1903, as a new incursion both upon China and the rights of the other powers, at the very time when, according to agreement with China of the previous year, the second evacuation of Russian troops was scheduled. Foreign Minister Lamsdorf's denial in the same month of this convention, followed by a series of Russian retractions and an exasperating run-around given American diplomacy in its requests for the opening of several trading ports and the appointment of American consuls in Manchuria, did nothing to bolster America's nearly exhausted confidence in the honesty of her one-time friend. Meanwhile, Russia's unyielding attitude

toward Japan, maintained by the clique which dominated the Tsar, despite his ostensible desire for peace and the counsel of some ministers for caution, soon brought upon this country the scourge of war and the humiliation of defeat.

The United States contributed her share to this sudden resort to arms, if in no other way than by indirection. It may be questioned whether Secretary of State Hay, not accurately informed by his uninformed representatives at St. Petersburg, ever understood the full implications of Russian policy in Eastern China. Yet, through reports from such diplomats in the Far East as Conger and Rockhill, and also Consul Miller, who at times even put pressure upon Washington for a more vigorous assertion of American rights, Hay gained a clearer conception of the situation than would otherwise have been possible. Since Russia was the chief aggressor during this incubating period, it was natural for the United States to parallel or combine her protesting measures with those of other powers bent on opposing further Russian expansion. Therefore, if it was true, as evidence seems to point, that the Secretary of State was prepared to accept Russian occupation of Manchuria, provided American trade interests were not interfered with, Russia defeated her own purpose by repeated attempts at exclusive domination of the Manchurian scene.

During the years 1901-1903, Secretary Hay on several occasions met Japanese feelers with the reply that America was not ready to employ or participate in forceful intervention against Russia, meanwhile assuring Russian Ambassador Cassini in 1902 that, in case of hostilities in the Far East, Russia could count on the friendship of the United States provided our vital interests were safeguarded. Russia's subsequent actions, however, served to alienate America, whose early inclinations had apparently been toward genuine neutrality, the devious Russian diplomacy and general irresponsibility of 1903, in particular, arousing the wrath not only of Hay but also of President Roosevelt. And, as Hay observed to the President in April of that year, it was true that Russia knew the United States would not fight over Manchuria, "for the simple reason that we cannot"; but was fearful that the slightest encouragement on the part of America or England to Japan, would precipitate war. America's warnings to Russia in behalf of maintenance of her constantly threatened Open Door, coupled with the Anglo-Japanese treaty of alliance, wittingly or unwittingly,

constituted precisely the kind of encouragement which Japan had previously found lacking. It was under these far from unfavorable auspices, that Japan, taking the initiative, sought redress of her long-standing grievances by plunging her country into war.

The last-minute contribution from the United States to this fateful step was her assurance of a benevolent policy in case of war, given Japan barely a month before she opened hostilities against Russia. The American people, from the President to the masses, favored Japan, Roosevelt's Japanese bias on occasion, according to Baron Sternburg, embracing an exuberantly idealistic conception of the ideals and institutions in this land of the Rising Sun. American capital, showing its sympathy in concrete form, came to the financial rescue of Japan, giving freely and heavily. The American public, not to be outdone, cheered the brave little maltreated nation, over which the huge Russian bear sought to trample. Russia, free from illusions as to the real sentiments in the United States, both before and after the American proclamation of neutrality, did not hesitate to reciprocate in kind through the hostile pages of her press.

But Roosevelt, vigorous and assertive, although gleeful over the initial tidings of Japanese success, was fundamentally a realist, and his politics was genuine Realpolitik. While he was not opposed to abandoning Korea to Japan, he took a definite stand against the substitution of one foreign master for another in the promising trading field of Manchuria. His policy was to give Japan enough moral assistance and financial support to assure prolongation of the war, until each of the participants was sufficiently exhausted to be safely left, in a weakened condition, facing each other, as before the war, with the dominance over Manchuria assured to neither. In other words, Roosevelt's aim was to secure a real balance of power in that territory, a balance which would prove beneficent to the interests of the United States. But the rapid succession of Japanese victories came close to upsetting the President's calculations.

Roosevelt, therefore, lost no time in utilizing the first peace feelers as an opportunity to urge direct negotiations upon both belligerents; to persuade sullen and recalcitrant Russia of the loss threatened to her Eastern possessions by further continuation of the war; and to gain from Japan, flushed with victory, official assurance of the maintenance of the Open Door in Man-

churia, and the ultimate return of that land to its parent country, China. At the same time, he hastened to safeguard the farthest American territorial possession in the East, the Philippine Islands, against the emerging power of Japan by the Taft-Katsura Agreement of July 29, 1905. The actual stoppage of hostilities now that the desirable balance had apparently been achieved was, however, another matter. This, despite the fact that Japan's available finances and man power had dwindled to a dangerously low point; while Russia in addition to losing the fight and facing revolution at home, was unable to replenish her treasury.

Although both belligerents finally accepted Roosevelt's invitation of June 8, 1905, to open direct negotiations; and although initial difficulties as to place of conference, power of the emissaries, and desirability of an armistice were, after much discussion, overcome, the real problem, testing the skill of the American President no less than that of the Russo-Japanese participants, came soon after the opening of the peace conference at Portsmouth on August 10, 1905. For, on the one hand, Russia apparently had learned nothing from her defeats and still believed (or pretended to believe) in her invincibility, the Tsar instructing his envoys, Witte and Rosen, to yield no territory and to pay no indemnity. On the other hand, Japan showed herself quite as rapacious as had the predatory powers of the West at their worst, presenting a bill of particulars which recognized no freedom for Korea, making restoration of Manchuria to China contingent upon an ill-boding provision regarding "reform and improved administration," and demanding a huge indemnity, as well as the surrender of the Liaotung lease and the cession of Sakhalin. President Roosevelt, with both his diplomatic objective and his prestige as peacemaker at stake, labored hard behind the scenes to effect a compromise, and alternately appealed to Tsar, Japanese Emperor and the negotiators. But although both powers agreed on a clause which restored Manchuria to China, and also disposed of a number of other items, the questions of indemnity and the cession of Sakhalin to Japan were knots in an apparently immovable stumbling block with which the Conference came into violent collision on August 18th. Although the American public, outraged by Japan's demands, and artfully cultivated by the astute Witte, had about-faced and was now smiling upon Russia, Japan bolstered by the re-

newal six days earlier of the Anglo-Japanese Alliance, persisted in her stand. She agreed, however, to the President's proposal for a division of Sakhalin, but insisted on the payment of an indemnity under some guise, as originally suggested by Roosevelt. Russia, on her side, first agreed to pay a "substantial sum" for retention of Northern Sakhalin; then, retracting her steps, refused to share Sakhalin with Japan or to pay a cent of indemnity.

Then, to the relief of the President and the assembled diplomats as well, the deadlock was dramatically broken on August 29th when Witte's tender of a last offer, barring all indemnity but surrendering Southern Sakhalin, was accepted by Komura on behalf of Japan. Thus ended a major operation in the field of power politics, which on the surface, at least, restored a balance of a sort to all concerned. Russia, although winning in the matter of indemnity, lost some of the territory and rights which she had usurped, but had good cause to rejoice in the fact that she was saved (largely by the beneficent intervention of the American President), from overwhelming defeat in the Far East. Japan, on the other hand, disgruntled with her failure to win on all points, had won more than she perhaps realized, and now, completely healed of her feudal impotence, was a strong and respected member of the System of States. As for the United States, she had apparently achieved the goal toward which she had long struggled, using her only available weapons--the varied implements of diplomacy. Without the loss of one American life, the Russo-Japanese War had, to all appearances, flung wide the door into Manchuria, for the United States to enter and enjoy.

Little did Roosevelt foresee that in an incredibly short time the Russia-Japan balance, so ardently desired, and which apparently had been achieved, would be metamorphosed into an aggressive partnership, pitted mainly against the United States and her aims, by the two powers who had supposedly been brought into innocuous equilibrium. If logically the post-war situation dictated a new rapprochement between chastised Russia and her ci-devant friend beyond the seas, in order to offset the rising might and appetite of Japan, such was not to be. In less than two years after the signing of the Treaty of Portsmouth the former belligerents, in spite of continued hostility between them, had arrived at an understanding which, while publicly paying lip service to the principle of the Open Door in Manchuria, secretly gave Japan

not only a free hand in Korea but recognized the spheres of influence, respectively, of Russia in North Manchuria and Outer Mongolia and of Japan in South Manchuria and Inner Mongolia.

An interlude favorable for a Russo-American understanding was subsequently provided by Japan's extreme aggressiveness in Manchuria (particularly in the latter half of 1909), which aroused marked distrust of her designs in Washington, and caused grave apprehension in Russia that Japan was preparing for a new attack upon her. However, a number of circumstances combined against a return of the old pattern of friendly relations, not the least of which was the vigor of America's revived interest in Manchuria. This interest, strenuously pursued by Willard Straight, who saw in American financing of Chinese railroads a three-in-one opportunity for a wide open door in Manchuria, the opening of exclusive markets, and the protection of Chinese integrity. Although supported by Harriman with his globe-encircling railroad schemes, this wide-flung plan suffered for lack of governmental support under the administration of Roosevelt, who feared to antagonize Japan in view of the Root-Takahira Agreement of November 30, 1908. It, however, rapidly gained in momentum when President Taft and Secretary of State Knox came into power. Ignoring Japan's interpretation of the American-Japanese agreement as granting her a free hand in Manchuria, Secretary Knox opened a new chapter in American assertiveness in the Far East. He lent support to the Harriman-Straight scheme for the "neutralization" of the Chinese Eastern and South-Manchurian Railways, which provided for the purchasing of these Railways for China, from Russia and Japan, respectively. While Russia at first was apparently willing to sell, Japan stalled and finally refused. Knox, meanwhile, had drafted a group of American bankers to finance railroad concessions from the Chinese Government, putting continuous pressure on London, Paris, and Berlin, as well as Peking, and finally gaining American participation in the consortium for the projected loan to China, which thus became the Four Power Consortium in May, 1910.

It was just before this point--during the summer and autumn of 1909--that American statesmanship may have missed its chance. Japan's marked aggression in Manchuria was, to all appearances, pushing Russia into the arms of the United States. The Russian Foreign Office, as reported by Montgomery Schuyler and

Ambassador Rockhill of the United States Embassy at St. Petersburg, sought for an American-Russian entente as a much desired counterweight in the menacing Far Eastern situation. But America's response did not come. There is nothing in the records of the State Department to show that the United States was particularly interested in these vague Russian advances. Instead, America was eagerly awaiting governmental consideration of the Manchurian question as a whole. Meanwhile, Japan, ever on the alert and with a keen ear for underground vibrations, took the initiative. On the same day in November 1909, that Ambassador Rockhill offered Izvolsky a "commercial neutralization" plan that would put a final "limit to further Japanese designs," Motono proposed to Russia a formal alliance before which "not only China, but also all the powers will bow."

And Secretary Knox's bold proposal to the powers, in November and December of the same year, for the complete neutralization of the Manchurian railways, or, as an alternative, the financing and construction of the Chinchow-Aigun Railroad was sadly bungled, not only by making the approach to England more than a month before Russia was consulted, but by Rockhill's error in withholding the Chinchow-Aigun scheme and presenting only the neutralization plan to Russia. These strategic failures strengthened those in St. Petersburg who, like Foreign Minister Izvolsky, were lending an attentive ear to the offers of Japan. It was not by mere coincidence, therefore, that Russia and Japan rejected the neutralization plan on the same day, January 21, 1910, in almost identical words. Those, who so recently had nearly been at the point of the sword, once more had joined hands and were looking toward the consummation of a second understanding.

Secretary Knox, however, failed to see the warning signs on the Far Eastern horizon and, as a result, the story that follows is one of futile efforts which only drove the restored allies into ever closer collaboration. Not only did the Secretary, on February 8, 1910, present a memorandum to Russia explaining the undisposed matter of the Chinchow-Aigun Railroad; but, to the dismay and unconcealed anger of Foreign Minister Izvolsky, he persisted in attempts to resurrect the supposedly dead-and-buried neutralization plan. The irritated Russian Government, forewarned, had also been forearmed, and had already informed China directly that they would regard the construction of the proposed railroad as an

unfriendly act on her part; while France and England, coming to the rescue of their respective allies, had each given warning to the much-warned China. Finally, on February 24, 1910, Russia, in unmistakable terms, openly rejected the new railroad project as strategically and economically injurious to her interests, Japan meantime having managed to manoeuvre herself into a position of conditional consent.

Thus forewarned, China held aloof, with the proposed Chinese-American convention still hanging fire, its terms of conclusion nearing expiration. Willard Straight's special trip to Russia, in June 1910, in an attempt to revive it, availed nothing unless perhaps to hasten both Russia and Japan in giving the coup de grâce to the project by publication on July 4, 1910, of their second treaty of alliance, the public portion of which defined anew their respective spheres of interest and provided for mutual consultation in case of a threat to the status quo of their position.

This second internment of a cherished plan did not deter the persistent American Secretary from further activity. Knox tried again and, as a result, a new cycle of moves and counter-moves was set in motion. This time the objective was the \$50,000,000 Currency Reform and Industrial Loan, as requested by China in October, 1910, which was engineered by the Secretary, with the assistance of a group of Wall Street bankers, later to be joined, at the bankers' request, by their associates from the Four Power Consortium. Again, Russia and Japan, insisting on participation, raised objections; again, they appealed to their allies, France and England, for counteraction, Russia, in addition, bringing extraordinary pressure to bear upon China in the spring of 1911 by alleging Chinese violation of the Sino-Russian treaty of 1881. And the actual conclusion of the Loan Agreement in April, 1911, with the four powers of the Consortium as signatories, only intensified these counter moves.

Article 16 of the Agreement, which reserved to the Consortium an option to furnish additional funds for China, provided such were needed to carry out "the operations contemplated in this agreement," was particularly obnoxious to Russia and Japan, who not only continued to clamor for participation in the project, but protested particularly against this article as revealing the secret aim of the American group to establish themselves in the

Russo-Japanese sacrosanct domains.

The new difficulties which descended upon China, with the outbreak of revolution in October, 1911, accompanied with her need for immediate aid, played directly into the hands of Russia and Japan, who lost no time in gaining additional advantages for and around their respective spheres from weakened and war-ravaged China. Therefore, when the members of the Consortium and their governments agreed in March, 1912, to make a large loan to the new Chinese Republic, no alternative could be seen, if the loan was to be implemented, but to pay the price asked by Russia and Japan: that of equal participation on condition that the terms of the agreement should contain nothing inimical to the special interests of Russia in North Manchuria, Outer Mongolia and West China, and of Japan in Inner Mongolia and South Manchuria. With these reservations conceded, the two powers became members of the international group, transforming it into a Six Power Consortium on June 20, 1912.

By virtue of this transaction to take the form of a loan agreement on April 26, 1913, Russia and Japan had won. This document, the forerunner of which Straight had exuberantly greeted in April, 1911, with the statement that "Dollar diplomacy is justified at last," bore no more resemblance to the original American doctrines of the "Open Door" and China's territorial integrity than fire does to water. Yes, Russia and Japan had won. And to complete their victory, a third treaty was secretly concluded between them on July 8, 1912, rounding out their previous understandings and delivering a final decisive blow to the ill-fated ventures of the Taft-Knox administration in Manchuria.

What the fate of this document would have been had it carried six signatories instead of five can never be known. For the signature of the United States never appeared on the reorganization loan of April 26, 1913. The last scene in the last act of this Russian-Japanese-American drama was played by the United States. The final gesture was made by President Wilson when on March 18, 1913, he announced the withdrawal of governmental support from the American bankers. President Wilson gave as reason for this withdrawal that participating in the reorganization loan would interfere with "the administrative independence of China itself." But the initiative for the refusal apparently came from

the bankers themselves, who were dissatisfied with the slowness of financial results.

Thus, on the eve of the first World War, the conflict which had prevailed for over two decades between the United States and Russia, gave way to a new equanimity, if not to the originally active friendship. Much that America had gained by sheer verbal assertion for her nationals in the Far East, she had to yield to the powers that had the advantage of location on the spot. Russia and Japan, for reasons of self-interest, abetted by their allies--France and England--had combined against her--and won. And in the end, as in the beginning of Russian-American relations, the power element in the situation was the determining factor.

